

JUN 14 1982

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Your application states that you were formed to promote merchandising and advertising activities for [REDACTED] dealers in the states of [REDACTED], [REDACTED] and [REDACTED]. Any individual, co-partnership, or corporation of good character and in business as a duly authorized [REDACTED] dealer in the [REDACTED] states is eligible to apply for membership in the organization. Your sources of income are from initiation fees of \$[REDACTED] and annual dues of \$[REDACTED] for each motor vehicle invoiced by [REDACTED] to the dealer member. Each member is reimbursed or credited for motor vehicles subsequently sold to political subdivisions or holders of [REDACTED]. The primary use of the collected funds is for advertising, and a very minor amount is spent for administrative expenses. Your financial statement for the period [REDACTED], to [REDACTED], shows also that you have sponsored special events and a salesmaster dinner.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of nonprofit business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earning of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board

	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
CODE							
SUR. NAME							
DATE							

[REDACTED]

Revenue Ruling 67-77, 1967-1, C.B. 138, held that an organization composed of dealers of a certain make of automobile in a designated area and which is organized and operated for the primary purpose of financing general advertising campaigns) to promote, with funds contributed by dealer members, the sale of that make of automobile, is performing particular services for its members and is not entitled to exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code.

Your organization is similar to the one described in the aforementioned revenue ruling in that membership is restricted to dealers who hold franchises for the sale of a certain make of automobile, namely, [REDACTED]. By financing general advertising campaigns which promote the sale of [REDACTED] automobiles only, you are performing services specifically for your members, instead of engaging in activities for the improvement of business conditions in the automotive industry as a whole.

Accordingly, it is held that you are not entitled to recognition of exemption from Federal income tax under section 501(c)(6) of the Code. You are required to file Federal income tax returns on Form 1120 for each year you have been in existence.

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with the Office of Regional Director of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at our Regional office or, if you request, at any mutually convenient District office.

If we do not hear from you within 30 days from the date of this letter, this ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

[REDACTED]
District Director

Enclosure:
Publication 892